

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 02-49

DATE PREPARED: May 23, 2002

STATE AGENCY: Family and Social Services Administration

DATE RECEIVED: Apr 12, 2002

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Digest of Proposed Rule: This rule amends 405 IAC 5-12-1 and 405 IAC 5-12-3 to limit Medicaid coverage for chiropractic services for all recipients to manual manipulations of the spine and x-rays, similar to Medicare coverage. It also repeals 405 IAC 5-12-2, 405 IAC 5-12-4, 405 IAC 5-12-5, 405 IAC 5-12-6, and 405 IAC 5-12-7.

The rule limits Medicaid reimbursement for chiropractor services to 50 spinal manipulation treatments per recipient per year, consistent with Medicare coverage, and x-rays subject to certain restrictions and limitations. The rule also prohibits providers from charging recipients for copies of x-rays since reimbursement for these services is already included in reimbursement for overhead. The services eliminated by this rule include up to five office visits per year, laboratory services, muscle testing services, electromyography services, and durable medical equipment.

Governmental Entities: *State:* The fiscal impact to the state is estimated to be an annualized expenditure reduction of \$1.4 M, state and federal, with the state share being about \$530,000. This represents an approximate 35% reduction from total estimated chiropractic expenditures in the Medicaid program.

Assuming implementation by mid-October, the first-year expenditure reduction would be approximately \$987,000, state and federal, with the state share being about \$375,000. This rule places no unfunded mandates upon state government.

Local: According to the Office of Medicaid Policy and Planning (OMPP), there are no local government units that provide chiropractor services. Consequently, this rule imposes no fiscal impact on local government units. This rule also places no unfunded mandates upon any local government unit.

Regulated Entities: This rule will reduce payments to chiropractic providers in the amounts described above. According to OMPP, there are approximately 541 chiropractors actively participating in the Medicaid program providing services to about 9,525 Medicaid recipients.

When a chiropractor verifies the eligibility of a Medicaid recipient, the provider will also be able to determine whether the recipient has exceeded the limitations provided in this rule. Therefore, the provider would not have to incur any costs or provide any services that are not eligible for reimbursement.

Information Sources: Carol Gable, Family and Social Services Administration, (317) 232-7798.